

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Application No. : 10/632,149 Confirmation No. : 1871
First Named Inventor : David R. Fitzpatrick
Filed : July 30, 2003
TC/A.U. : 3694
Examiner : I. Liu
Docket No. : 102636.57988US
Customer No. : 23911
Title : Method and System for Providing Rule-Based Collateral
Allocation and Substitution

AFTER FINAL REQUEST FOR RECONSIDERATION

Mail Stop AF

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

In response to the final Office Action dated December 28, 2007, reconsideration and allowance of the above-identified application are respectfully requested. Claims 1-9 remain pending.

Claims 1-9 are rejected under 35 U.S.C. § 102(a) as being anticipated by U.S. Patent Application No. 2001/0037284 to Finkelstein et al. ("Finkelstein").¹ This ground of rejection is respectfully traversed.

¹ Although the header of the rejection only identifies claims 1-6, the body of the rejection addresses claims 1-9. Accordingly, this response assumes that there is a typographical error in the header of the rejection.

Applicants' claim 1 recites a system that includes an intermediary terminal adapted to "receive substitution instructions from a seller trading terminal to substitute allocated collateral." Applicants' claim 1 also recites specific conditions for determining substitution of collateral, including:

if there is one buyer who is allocated the exact amount of collateral that the seller wishes to substitute, that buyer is substituted;

otherwise, if there is one buyer who is allocated a higher amount of the collateral that the seller wishes to substitute, and that amount is sufficient for the substitution, that one buyer is substituted; and

otherwise, buyers have their collateral substituted on the basis of a priority determination.

These features of claim 1 are not expressly or inherently disclosed by Finkelstein.

Finkelstein discloses a negotiated right exchange technique in which a user can select a repurchase agreement from a list of agreement opportunities, and then communicate directly with the potential repurchase agreement counterparty.² Specifically, Finkelstein provides graphical user interface elements that allow a user to specify information, such as a right of substitution (ROS), for a repurchase agreement transaction.³ A record that includes the particulars of the proposed repurchase agreement, such as identifying a right of

² Abstract.

³ Paragraph 0074 and claim 14.

collateral substitution, can be communicated between at least two user terminals.⁴

Accordingly, Finkelstein at most discloses that a right of substitution can be selected for a repurchase agreement transaction and that this right can be identified in a record of a proposed repurchase agreement. Finkelstein, however, does not expressly or inherently disclose receipt of substitution instructions “to substitute allocated collateral”. In other words, merely being able to specify a right of substitution, as disclosed by Finkelstein, does not expressly or inherently disclose receipt of actual substitution instructions “to substitute allocated collateral.” There is a significant distinction between specifying a right of substitution in an agreement, which is merely a contractual term, and actually receiving substitution instructions to substitute allocated collateral, which is an action performed subsequent to execution of an agreement.

Moreover, Finkelstein is directed to negotiation and execution of a repurchase agreement, but does not address how rights of substitution are treated after the agreement is executed. Thus, Finkelstein does not expressly or inherently disclose the specific conditions for determining substitution of collateral claimed in Applicants’ claim 1, including:

if there is one buyer who is allocated the exact amount of collateral that the seller wishes to substitute, that buyer is substituted;

⁴ Claims 15 and 18.

otherwise, if there is one buyer who is allocated a higher amount of the collateral that the seller wishes to substitute, and that amount is sufficient for the substitution, that one buyer is substituted; and

otherwise, buyers have their collateral substituted on the basis of a priority determination

To reject the recitation of receipt of substitution instructions and the specific conditions recited in Applicants' claim 1, the Office Action cites paragraphs 0021, 0073, 0074, and claims 14, 15, 17 and 18.

Initially, it is noted that paragraph 0021 describes prior crossing networks, whereas the other citations are to the invention of Finkelstein. Anticipation requires that the "identical invention must be shown in as complete detail as is contained in the ... claim."⁵ Specifically, the "elements must be arranged as required by the claim."⁶ Accordingly, an anticipation rejection cannot be based on a modification of the invention disclosed by Finkelstein by the disclosure in paragraph 0021 of the Background section. Thus, the rejection is not proper because it relies upon the disclosure in paragraph 0021 in combination with the disclosures in paragraphs 0073 and 0074 and claims 14, 15, 17 and 18.

Moreover, paragraphs 0073 and 0074 and claims 14, 15, 17 and 18 at most disclose that a right of substitution can be selected for a repurchase agreement transaction and that this right can be identified in a record of a proposed

⁵ M.P.E.P. § 2131, citing *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989).

⁶ M.P.E.P. § 2131, citing *In re Bond*, 910 F.2d 831, 15 USPQ2d 1566 (Fed. Cir. 1990).

repurchase agreement. There is nothing in the sections of Finkelstein cited by the Office Action that expressly or inherently disclose the receipt of substitution instructions to substitute allocated collateral or the specific substitution conditions recited in claim 1.

If this ground of rejection is maintained, Applicants respectfully request that the Advisory Action provide exact quotes from Finkelstein for the disclosure of substitution instructions to substitute allocated collateral or the specific substitution conditions recited in claim 1.

Claims 2-6 are patentably distinguishable at least by virtue of their dependency from claim 1.

Claim 7 recites a method that comprises

receiving substitution instructions from a seller trading terminal to substitute allocated collateral, wherein

when there is one buyer who is allocated the exact amount of collateral that the seller wishes to substitute, that buyer is substituted;

when there is no one buyer who is allocated the exact amount of the collateral that the seller wishes to substitute but there is one buyer who is allocated a higher amount of the collateral that the seller wishes to substitute, and that amount is sufficient for the substitution, that one buyer is substituted; and

when there is no one buyer who is allocated the exact amount of the collateral that the seller wishes to substitute, there is no one buyer who is allocated a higher amount of the collateral that the seller wishes to substitute, buyers have their collateral substituted on the basis of a priority determination.

Accordingly, claim 7 is not anticipated by Finkelstein for similar reasons to those discussed above with regard to claim 1. Claims 8 and 9 are not anticipated by Finkelstein at least by virtue of their dependency from claim 7.

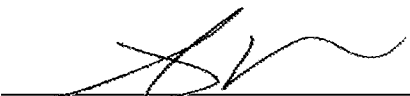
For at least those reasons stated above, it is respectfully submitted that the anticipation rejection of Applicants' claims 1-9 be withdrawn.

If there are any questions regarding this response or the application in general, a telephone call to the undersigned would be appreciated since this should expedite the prosecution of the application for all concerned.

If necessary to effect a timely response, this paper should be considered as a petition for an Extension of Time sufficient to effect a timely response, and please charge any deficiency in fees or credit any overpayments to Deposit Account No. 05-1323 (Docket # 102636.57988US).

Respectfully submitted,

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